

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 NSCE-00 USIE-00  
INRE-00 AID-05 CEA-01 CIAE-00 COME-00 EA-07  
FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03 SP-02  
TRSE-00 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01 OIC-02  
NSC-05 SS-15 STR-04 L-03 H-01 PA-01 PRS-01 /111 W  
-----028138 211540Z /44

O R 211512Z JUN 77  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 4466  
INFO ALL OECD CAPITALS  
USMISSION GENEVA  
AMEMBASSY BRUSSELS

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USOECD

USMTN ALSO FOR USMISSION

USEEC

PASS EB/ICD

E.O. 11652: N/A  
TAGS: ETRD, OECD  
SUBJECT: OECD HIGH LEVEL GROUP ON COMMODITIES (HLGC):  
AD HOC GROUP ON COMMON FUND

REF: STATE 141570

1. SUMMARY: IN BRIEF ORGANIZATIONAL MEETING JUNE 20,  
HLGC'S AD HOC GROUP ON COMMON FUND HEARD REPORT FROM  
GROUP B COORDINATOR ON G-77 VIEWS AND HAD GENERAL DIS-  
CUSSION OF DIRECTION GROUP'S WORK SHOULD TAKE. E.A.  
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WENDT (U.S.) WAS ELECTED CHAIRMAN. GROUP DID NOT  
ADOPT ANY FORMAL TERMS OF REFERENCE, BUT SECRETARIAT  
WAS ASKED TO PREPARE PAPERS MODELLING A POOLING-TYPE  
COMMON FUND TO SERVE AS BASIS FOR DISCUSSION AT GROUP'S  
NEXT MEETING, SCHEDULED FOR JULY 7-8. END SUMMARY.

2. G-77 VIEWS: GROUP B GENEVA COORDINATOR BARRASS

(UK) REPORTED ON HIS LATEST CONTACTS WITH MEMBERS OF THE G-77, CHARACTERIZING THEIR VIEWS AS BECOMING MORE REALISTIC BUT STILL IN ADVANCE OF MAXIMUM CONCEIVABLE GROUP B POSITION. HE TOOK SOME ENCOURAGEMENT FROM INDICATIONS HE HAD RECEIVED THAT MODERATES, AT LEAST, WERE PUTTING SOME EMPHASIS ON THE MONEY SAVING ASPECTS OF THE FUND, WERE MOVING TOWARD TRADE SHARES AS THE MAJOR DETERMINANT OF CONTRIBUTIONS AND TOWARD RECOGNITION THAT SUPPORTING BUFFER STOCKS WOULD BE FUND'S MAIN PURPOSE. ON OTHER HAND, IT APPEARED THAT LDC POLITICAL UNITY WOULD CONTINUE TO MAKE IT NECESSARY FOR THE G-77 TO DEMAND SOMETHING ON "OTHER MEASURES", AND SCEPTICISM ON PART OF LDC'S THAT ANY COMMODITY AGREEMENT WOULD LEND FUNDS TO ANOTHER MADE THEM VERY RELUCTANT TO DROP THE "SOURCE OF FINANCE" CONCEPT. BARRASS SAID G-77 WANTED TO HAVE GROUP B PROPOSAL BEFORE NOVEMBER, AND THAT UNCTAD SECRETARIAT WANTED TO RAISE QUESTION AT JULY MEETING OF AD HOC COMMITTEE ON THE INTEGRATED PROGRAM OF HOW GROUND FOR NOVEMBER NEGOTIATIONS COULD BE PREPARED.

3. DIRECTION OF WORK: GENERAL DISCUSSION OF OBJECTIVES OF GROUP FOCUSED ON ORAL PRESENTATION BY HLGC CHAIRMAN STEELE, WHO SUGGESTED AD HOC GROUP SHOULD STRIVE TO DEVELOP LOWEST-COMMON DENOMINATOR PROPOSAL FOR POSSIBLE USE AT NOVEMBER NEGOTIATING LIMITED OFFICIAL USE

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CONFERENCE, DRAFTED IN OPEN-ENDED WAY SO AS TO ALLOW ADDITION OF NEW ELEMENTS RELATED TO "OWN RESOURCES" OR "OTHER MEASURES" IF POLITICAL DECISIONS ON THESE QUESTIONS WERE TAKEN. GROUP GENERALLY WELCOMED STEELE'S INITIATIVE AND IDEAS. U.S. MADE POINTS IN REFTEL, NOTING OUR OBJECTIVE OF DEFINING A WORKABLE PROPOSAL BROADLY ACCEPTABLE TO OECD MEMBERSHIP, THE NEED FOR MODEL TO INCLUDE WIDE RANGE OF OPTIONS ON RESOURCES ISSUES, AND THAT ISSUE OF TABLING DRAFT ARTICLES DID NOT NEED TO BE DETERMINED AT THIS STAGE. OTHER DELS WERE ALSO ANXIOUS TO AVOID CLOSING OFF OPTIONS OR NEGLECTING UNRESOLVED QUESTIONS IN PROCEEDING WITH ELABORATION OF POOLING MODEL.

4. OTHER THAN SPAIN, MOST DELS WHO SPOKE THOUGHT "DRAFT ARTICLES" WAS USEFUL WORKING APPROACH TO HELP CLARIFY ISSUES AND BRING IDEAS OUT INTO OPEN. BUT THERE WAS GENERAL RECOGNITION THAT QUESTION OF TABLING

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NSC-05 SS-15 STR-04 L-03 H-01 PA-01 PRS-01 /111 W

-----028261 211539Z /44

O R 211512Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 4467

INFO ALL OECD CAPITALS

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A PROPOSAL WAS A TACTICAL ONE WHICH GROUP WOULD PROBABLY NOT HAVE TO TAKE UP IN NEAR FUTURE. NORWAY WELCOMED U.S. DEFINITION OF GROUP'S OBJECTIVE AND EXPRESSED WILLINGNESS TO WORK FOR COMMON GROUP B POSITION. SWITZERLAND, FRANCE, AND GERMANY STATED A DESIRE TO HAVE A CLEARER IDEA OF JUST WHAT PURPOSE OF COMMON FUND WOULD BE BEFORE MODEL WAS DRAWN UP IN MUCH DETAIL. EC SAID THAT ITS PARTICIPATION WOULD BE ON EXPERT BASIS WITHOUT PREJUDICE TO POSITIONS OF COMMUNITY OR MEMBER STATES, AND THAT AD HOC GROUP SHOULD GET PERIODIC GUIDANCE FROM HLGC ITSELF. AUSTRALIA DREW GROUP'S ATTENTION TO TECHNICAL WORKING GROUP ON COMMON FUND ESTABLISHED BY COMMONWEALTH CONFERENCE. IN SHORT NON-SUMMATION, STEELE NOTED CONSENSUS NOT TO CLOSE OFF OPTIONS AT THIS POINT, AND TO PROCEED WITH THE FLESHING OUT OF A BASIC POOLING CONCEPT AS THE FIRST AREA OF WORK.

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5. FUTURE WORK: STEELE'S ORIGINAL PROPOSAL FOR PAPERS ON POOLING MODEL AND ORGANIZATIONAL QUESTIONS WAS MODIFIED SOMEWHAT BY FACT THAT MOST DELS THOUGHT LITTLE OF ADDITIONAL VALUE COULD BE DONE ON LATTER QUESTION BEYOND A CRITIQUE OF WHAT UNCTAD HAD PREPARED, AND THAT WORK ON VOTING ARRANGEMENTS WAS PROBABLY PRE-MATURE. THOUGH THERE WAS SOME INTEREST (BY U.S., NORWAY, JAPAN) IN FURTHER QUANTITATIVE WORK ON FUNDING IMPLICATIONS OF A MORE LIMITED COMMON FUND, INCLUDING POSSIBLE COST SAVINGS OVER INDIVIDUAL COMMODITY AGREEMENTS, OTHERS WERE HESITANT TO SADDLE SECRETARIAT WITH THIS TASK. IT WAS THEREFORE AGREED STEEL WOULD CONSULT WITH SECRETARIAT ON WHAT COULD BE DONE WITHOUT TOO MUCH EFFORT. FINALLY, SWEDISH PROPOSAL THAT SECRETARIAT DEVELOP SET OF HEADINGS FOR A POSSIBLE AGREEMENT ON A COMMON FUND WAS FELT WORTHWHILE BY A NUMBER OF DELS AS A MEANS OF CLARIFYING ISSUES, AND THIS, ALONG WITH FIRST TRY AT POOLING MODEL, WILL BE PREPARED FOR NEXT MEETING OF GROUP. THIS WAS SCHEDULED FOR JULY 7-8. U.S. SUGGESTED NEED FOR A FURTHER MEETING IN JULY, AND IT WAS AGREED TO CONSIDER THIS QUESTION AT NEXT SESSION.

SALZMAN

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## Message Attributes

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